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U.S. and China Conclude New Commercial Space Launch Agreement

U.S. and Chinese negotiators have just initialed a new seven-year bilateral agreement extending disciplines governing continued Chinese participation in the international market for commercial space launch services.

"I believe this agreement carefully balances the interests of the U.S. space launch, satellite, and telecommunications industries," said U.S. Trade Representative Michael Kantor. He further stated that "it will provide effective safeguards against disruption of the market for commercial space launch services while allowing for disciplined Chinese participation in the market."

The agreement will protect against disruption of the space launch market and provide market stability by placing quantitative limits and a price discipline on Chinese launch contracts.

The original U.S.-PRC commercial space launch agreement was concluded in 1989 and expired December 31, 1994. The new agreement provides for up to eleven Chinese launches for international customers to geosynchronous earth orbit (GEO) through December 31, 2001, as opposed to nine launches over six years in the previous agreement. The new agreement continues to require that Chinese launch prices must be "on a par" with prices offered by Western launch service providers for comparable launches.

The new agreement also includes several new features, such as disciplines for launches to the newly emerging market for satellites to low earth orbit (LEO). In addition, it contains more detailed conditions under which increases in the quantitative limit may occur to address shortages in the supply of launch services for U.S. satellite manufacturers and users, such as could result from stronger than predicted growth in the demand for launch services or the lack of available launch services from other providers.

The United States and the PRC can conclude mutually beneficial agreements when both sides are committed to finding solutions, even to complex issues. We are currently at a critical juncture in our negotiations with the PRC regarding its policies with respect to the protection of intellectual property. As in space launch, we would hope that the PRC recognizes that its future lies in its adoption of laws, policies, and practices that reflect the norms of the global marketplace upon which it depends for economic well-being, not in the flaunting of those norms. If the PRC adopts a commitment comparable to that shown in our negotiations on commercial space launch, we can reach a mutually beneficial agreement on intellectual property. However, if we fail to reach agreement with the PRC by the February 4 deadline, we will issue a final retaliation list necessary to defend our commercial interests.